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1979/05/00



VISIT OF
SECRETARY OF COMMERCE
JUANITA M. KREPS
TO THE
PEOPLE'S REPUBLIC OF CHINA
May, 1979

Schedule Book

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SCHEDULE
Secretary Kreps' Trip
to
China, Hong Kong, Japan, and Hawaii
May 4-19, 1979

Friday, May 4

9:00 a.m. - LV. Andrews AFB
11:15 a.m. - AR. Elmendorf AFB, Anchorage
(FT = 7 Hrs. 15 Mins.)
(Refueling)
12:45 p.m. - LV. Elmendorf AFB

Saturday, May 5

2:05 p.m. - AR. Yokota AB, Japan
(FT = 7 Hrs. 20 Mins.)
(Refueling)
3:35 p.m. - LV. Yokota AB
7:05 p.m. - AR. Beijing
(FT = 4 Hrs. 30 Mins.)

Sunday, May 6

9:00 a.m. - Depart Guest House for Great Wall.
1:00 p.m. - Lunch at Summer Palace and return
to Guest House.
7:00 p.m. - Welcome banquet hosted by Minister
of Foreign Trade, Li Qiang.

Monday, May 7

9:30 a.m. - First meeting with Minister Li
Qiang.
2:30 p.m. - Meeting with Minister of
Communications, Zeng Sheng
6:00 p.m. - Embassy reception for American
businessmen

Tuesday, May 8

- 12:30 p.m. - Lunch with Vice Premier Fang Yi
- 2:40 p.m. - Tour of Arts and Crafts or Jewel Factories
- 4:30 p.m. - Meeting with Director of Civil Aviation Administration

Wednesday, May 9

- 9:00 a.m. - Second meeting with Li Qiang
- Afternoon - Meeting with Vice Premier Yu Qiuli
- 7:00 p.m. - Return banquet

Thursday, May 10

Press conference
Balance of day held open for signing ceremonies, for scientific and commercial events, and for possible meetings with top leadership.

Friday, May 11

- 8:00 a.m. - LV. Guest House for airport
- 9:00 a.m. - LV. Beijing (Chinese aircraft)
- 10:30 a.m. - AR. Shanghai
- 11:00 a.m. - Visit to Arts and Crafts Research Institute
- 12:30 p.m. - Lunch
- 2:00 p.m. - Visit machine tool factory
- Harbor tour follows factory visit
- 7:00 p.m. - Banquet given by Municipal Revolutionary Committee

Saturday, May 12

8:30 a.m. - Visit to the Maqiao People's Commune

12:00 noon - Lunch

2:00 p.m. - LV. Shanghai (Chinese aircraft)

4:30 p.m. - AR. Guilin

5:00 p.m. - Visit the Ludiyen Cave

7:00 p.m. - Dinner given by the Municipal Revolutionary Committee

Sunday, May 13

8:30 a.m. - Boat ride on the Li River.

5:00 p.m. - LV. Guilin (Chinese aircraft)

5:40 p.m. - AR. Guangzhou

7:00 p.m. - Reception by the Provincial Revolutionary Committee

Monday, May 14

9:00 a.m. - Visit to Guangzhou Trade Fair

12:00 noon - Reception for U.S. business people and Chinese Fair officials

Evening - Chinese theatrical performance

Tuesday, May 15

8:00 a.m. - LV. Guangzhou (U.S. aircraft)

8:45 a.m. - AR. Hong Kong (Staying at Hotel Furama)

10:30 a.m. - Press Conference

12:30 p.m. - Lunch with American Chamber of Commerce (Speech)

2:15 p.m. - Meeting with Governor-General and Financial Secretary.

Wednesday, May 16

8:00 a.m. - LV. Hong Kong
12:30 p.m. - AR. Tokyo (Staying at Okura Hotel)
(FT = 3 Hrs. 30 Mins.)

Afternoon - Meeting with Prime Minister Ohira

Afternoon - Meeting with Foreign Minister
Sonoda

6:30 p.m. - Secretary Kreps and party to
attend Reception hosted by Harvard
Business School Club in honor of
Mark Shepherd and Former Prime
Minister Fukuda. (1 Hr.)

8:00 p.m. - Secretary Kreps to attend dinner
hosted by MITI Minister Esaki

Thursday, May 17

8:00 a.m. - LV. Tokyo

Wednesday, May 16

8:20 p.m. - AR. Hickham AB (Honolulu) (Staying at
Sheraton Waikiki Hotel)
(FT - 7 Hrs. 20 Mins.)

Thursday, May 17

6:30 - - District Export Council Reception
8:00 p.m.

Friday, May 18

8:30 a.m. - LV. Hickham AB
3:00 p.m. - AR. Norton AFB
FT = 5 Hrs.)
(Secretary leaves Party)
(Refueling)

4:30 p.m. - LV. Norton AFB

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Saturday, May 19

1:00 a.m. - AR. Andrews AFB
(FT = 4 Hrs. 30 Mins.)

MAY 4-16, 1979

MEDIA BRIEFING SCHEDULE

May 4, 1979

Washington Time

9:00 A.M. LV Andrews AFB, Washington

9:00 A.M.- Continental Breakfast and Media Free Time
11:00 A.M.

11:00 A.M. Secretary briefs correspondents on mission's
 aims and prospects:

Talking Points:

o Beijing talks are a part--a key part--of a continuing process. It began implicitly in diplomatic normalization of January 1, and was stated explicitly in Carter-Deng joint statement during Deng visit to U.S. Secretary Blumenthal defined some issues in Beijing at end of February. U.S. and China have exchanged several draft agreements and now Secretary Kreps will meet with Minister of Foreign Trade Li Qiang to determine if a trade agreement can be reached and documents signed or initialed. Then Congress, under Trade Act of 1974, will have to confirm agreement.

o All indications are that Chinese want to move forward on the normalization of economic and commercial relations, including a Trade agreement.

o U.S. also wants to move, but some problems exist: on MFN and Eximbank financing U.S. wants a balanced approach to China and the USSR; orderly marketing agreement must be arranged covering Chinese shipments of textiles to U.S.;

aims and assets issue, while initialed during the Blumenthal visit, is still hanging.

- o Major trading opportunities exist for firms having products or technology that are priority items for China's development. China is last untapped major market for many U.S. products.

- o Other competitor nations: Japan, Germany, Britain, France, have already set up agreements with Chinese.

- o Trade agreement sets an orderly commercial atmosphere and is especially important in dealing with a state-controlled economy, as in PRC. Explain roles of U.S.-PRC Joint Economic Committee and National Council for U.S.-China Trade.

- o What the agreement must cover, in the U.S. view: MFN and reciprocity in reducing trade barriers; business facilitation, including multiple entry and exit visas, importation of office equipment, access to courts, advertising and product promotion, duty-free treatment of samples, participation in fairs and exhibitions, and employment of local personnel; financial matters, including handling of currencies, maintenance of bank accounts, repatriation of funds; patents, trademarks and copyrights; government-operated commercial offices in each nation; safeguards against disruption of markets by imports; settlement of commercial disputes; and rules for industrial cooperation and investment.

- o Although we are optimistic that it will be possible to initial a general trade agreement covering these

points, if we are not successful in this effort, we will try to conclude separate agreements on establishment of government commercial offices, and the exchange of commercial exhibitions.

o All of the above deals with trade. Discussions will also be held and agreements reached in the fields of maritime activity, science and technology, and aviation. Other officials in my delegation will discuss these with you as we travel to China.

11:30 A.M.- Luncheon
1:00 P.M.-

1:00 P.M.- Open
4:15 P.M.

4:15 P.M. AR Elmendorf AFB, Anchorage (time is EST)

4:15 P.M.- Filing Time - Free Time
5:45 P.M.

5:45 P.M. LV Elmendorf AFB

5:45 P.M.- Drinks, Dinner
7:15 P.M.

8:00 P.M.- Dick Frank and Jordan Baruch brief correspondents
9:00 P.M. on NOAA and Science and Technology issues

Talking Points:

o It is expected that a number of science and technology accords will be signed in Beijing, following upon an umbrella agreement already signed by the U.S. and PRC in Washington on January 31.

o Commerce's NOAA, under Frank, has developed an agreement on meteorology covering an important land mass on which U.S. has not had detailed data for 30 years.

o A second agreement involving NOAA is on oceanography and fisheries science, covering important offshore waters that can supply new knowledge for U.S. scientists, plus information on aquaculture in which the Chinese are leaders.

o Both agreements call for cooperative projects involving scientific exchanges and joint research.

o A third agreement, to be described by Assistant Secretary Baruch, covers measurement and standards, building technology, materials research, analytical chemistry, applied mathematics and related fields in which Commerce's National Bureau of Standards is active.

o Tangible side of this agreement is action in cooperative projects and exchange of scientists between NBS and counterpart institutes in China.

o A fourth agreement, being developed by Assistant Secretary Baruch, calls for cooperation in exchange of technical information and collaboration on the management of science and technology.

o On the latter point five management specialists are accompanying Secretary Kreps and may be asked by Baruch to explain their special competences, or he may do this himself.

o Some mention of patent and trademark situation in China can be included in the briefing at this point.

9:00 P.M.- Open time for writing, rest, etc.
1:05 A.M. (May 5)

1:05 A.M. AR Yokota AB, Japan (still EST)

1:05 A.M.- Filing Time
2:35 A.M. LV Yokota AB Japan

2:35 A.M.- Breakfast
3:50 A.M.

3:50 A.M.- Sam Nemirow briefs correspondents on maritime
4:20 A.M. issues

Talking Points:

- o Recent remarkable growth of China merchant fleet.
- o Great need for expansion of China port facilities.
- o Demonstrated interest by U.S. maritime industry in China contacts.
- o What a proposed maritime agreement would cover.
- o Problems, resolved or unresolved, in a maritime agreement with China, from the U.S. side.

Sunday, May 6
Evening Banquet

Secretary makes newsworthy toast. Welcoming banquet will provide reporters with basis for story on what both sides expect from negotiation: (this was pattern on Blumenthal trip). China spokesman can be expected to show his country's level of enthusiasm for the negotiations. He might also describe how China is redefining its goals in its modernization drive.
Secretary Krep's possible talking points:

- o Closer commercial relations not only benefit the two countries involved but can aid worldwide peace and stability.
- o These negotiations an important link in a chain that began with normalization of January 1, Deng visit to U.S., establishment of Embassies in Washington and Beijing, negotiations led by Secretary Blumenthal, and planned visits of other high U.S. officials to China.
- o Announcement of Houston and San Francisco as sites for Chinese commercial offices (consulates) might be appropriate here as peg for news stories.
- o Importance of winding up the claims and assets issue.
- o Note of optimism for successful outcome of the talks just ahead can also be newsworthy.

Monday, May 7
After meetings,
before 6:30 pm
dinner

Secretary holds news conference to sum up first day of talks. Substance is based on opening talks with host Minister Li Qiang that morning, and first discussions.. Also could report any invitations to meet with Deng and Hua, if received. This is also an opportunity to distinguish for the press among the various kinds of agreements under discussion.

Tuesday, May 8
After meetings
before 6:30 pm
dinner

Secretary holds news conference to discuss second day talks. At press conference, Secretary reports agreements on metrology, scientific information and use of U.S. management specialists by Chinese industry (Jordan Baruch activities). There could be discussion of progress toward solving China patent problems, if this subject is treated in the talks. Baruch will be present to assist in answering questions.

In a meeting at the headquarters of the Chinese Council for the Promotion of International Trade, Secretary Kreps will make a presentation of a reader/printer console from the Information Handling Services, Inc., Englewood, Colorado, to Minister Li Qiang and CCPIT officials. She will introduce Edward M. Lee, president of IHS, who will describe and demonstrate the operation of the console and its accompanying reels that contain equipment catalogs from 15,000 U.S. Firms. Four other management specialists will also be introduced, by Baruch or Weil.

Wednesday, May 9
After meetings,
before 6:30 pm
dinner

Secretary has news conference to sum up third day's talks. Conference has these likely subjects: any progress toward the maritime

and aviation agreements, announcement of signing of NOAA-linked agreements on meteorology, oceanography and fisheries science. Picture opportunity: Kreps, Frank and Chinese meteorology officials with radiosonde installation.

Wednesday, May 9
Evening banquet

Kreps is host and gives toast at return banquet. Possible attendance of Deng and/or Hua would determine nature of press coverage. Remarks could emphasize interrelationship of the various agreements being developed, and describe their importance in the totality of relations between the two nations.

Thursday, May 10
After meetings,
6:30 p.m.

Secretary announces results of meetings. Signing of claims and asset agreement and signing (initialing) of trade agreement, or exhibitions agreement and others -- maritime and aviation, if ready -- on the final working day in Beijing. Remarks by Kreps at press conference after signing would explain the agreements, their importance, and how arrived at. MAJOR NEWS EVENT OF VISIT.

Friday, May 11
Enroute, Beijing
to Shanghai,
9-11 a.m.

Secretary and Courtenay Slater hold briefing on plane. A report on the Slater discussions with Chinese on census problems. This could be an interesting human interest feature on U.S. vs. China methods and situations and

would give reporters an opening for further and fuller development of this story with Slater.

Friday, Saturday,
Sunday, May 11-12

Secretary's visits provide photo and color story opportunities. Press accompanies official party on visits to commune, factory and on harbor tour, with Nemirow explaining Shanghai facilities in relation to expected growth and to Chinese plans for containerization and other modernization.

Monday, May 14
5 p.m. before
reception

Secretary at Canton Fair. Kreps discusses plans for future U.S. participation in China exhibitions in context of total U.S.-China trade with some emphasis also on how Commerce Department will assist industry groups planning trade missions to China. Presence of four U.S. trade delegations at the reception is opportunity to explain how Commerce Department has assisted them. An experienced leader of such a delegation (machine tool builders?) could respond from his point of views.

END CHINA SEGMENT OF TRIP

Tuesday, May 15

Secretary makes Hong Kong address.

11:45 a.m. or
2:30 p.m.

Secretary Kreps sums up China visit at luncheon of American Chamber of Commerce, either followed or preceded by press conference. Conference would describe agreements signed or initialed, discuss those still under discussion, and point to future developments in connection with them, such as necessary Congressional or Presidential actions. Secretary could also give an assessment of the pace of the modernization drive in China, and its priorities as related to U.S. trading opportunities.

Wednesday, May 16

Secretary reports on Tokyo talks with Japan's

7:30 p.m. before
dinner

leaders. Secretary Kreps confers with Prime Minister and Foreign Minister, attends reception of Harvard Business School Club and dinner hosted by the Minister of International Trade and Industry. Press conference could precede dinner, report on talks with Prime Minister and Foreign Minister, and, jointly with MITI Minister, officially announce the use of the Japanese ship Shin Sakura Maru as a floating display for U.S. products. (Note Crowded Schedule: Some adjustments may be necessary.)

VISIT OF SECRETARY OF COMMERCE
JUANITA M. KREPS TO CHINA

May 4-18, 1979

Official Party (22)

--Juanita M. Kreps, Secretary of Commerce
--Richard N. Cooper, Under Secretary for Economic Affairs, Department of State (DOS)
--Frank A. Weil, Assistant Secretary for Industry and Trade, Department of Commerce (DOC)
--Richard Frank, Administrator, National Oceanic and Atmospheric Administration, DOC
--Jordan Baruch, Assistant Secretary for Science and Technology, DOC
--Samuel Nemirow, Acting Assistant Secretary for Maritime Administration, DOC
--Michel Oksenberg, Staff Member (Far East), National Security Council
--Christopher Phillips, President, National Council for U.S.-China Trade
--Homer Moyer, Counsellor to the Secretary of Commerce
--Frank Raines, Associate Director for Economics and Government, Office of Management and Budget
--Courtenay Slater, Chief Economist, DOC
--Kempton B. Jenkins, Deputy Assistant Secretary for East-West Trade, DOC
--Edward Schuh, Deputy Under Secretary for International Affairs and Commodity Programs, Dept. of Agriculture
--Erland H. Heginbotham, Deputy Assistant Secretary for East Asian and Pacific Affairs, DOS
--James R. Atwood, Deputy Assistant Secretary for Transportation Affairs, DOS
--Ernest Lotito, Director of Communications, DOC
--Herbert Horowitz, Director, Office of East-West Economic Policy, Dept. of the Treasury (already in China)
--William Clarke, Director, People's Republic of China Affairs Division, DOC
--Susanne Lotarski, Deputy Director, People's Republic of China Affairs Division, DOC
--Ardith Johnson, Confidential Assistant to the Secretary of Commerce
--Myna Stoltz, Program Officer, Office of East-West Country Affairs, DOC
--Susan Slye, Confidential Assistant to the Secretary of Commerce

Delegation of Management Experts (6)

- Marshall Robinson, Vice President for Resources and Environment, Ford Foundation
- Ray Vernon, Harvard Business School
- T. J. Hayes, President, International Engineering Corporation
- Ted Lee, President, Information Handling Services
- Brian Quinn, Dartmouth College Business School
- Al Funai, Deputy Secretarial Representative, Region II, DOC, will serve as coordinator for this group

Media Representatives (8)

- Bernard Kalb, Correspondent, CBS
- Kenneth H. Bacon, Correspondent, Wall Street Journal
- James Klurfeld, Correspondent, Newsday
- Leonard Silk, Correspondent, New York Times
- William H. Miller, Washington Editor, Industry Week
- Jonathan F. Schaffer, Writer-Editor, International Communication Agency
- Lewis Young, Editor-in-Chief & Vice President, Business Week
- George Telfer, Correspondent, Journal of Commerce

Staff Support to Official Delegation (4)

- Matthew Cooney, Deputy Director of Communications, DOC
- Reginald Bourdon, Director, Office of International Activities, Maritime Administration, DOC
- Larry Lasoff, Special Assistant to the Assistant Secretary for Industry and Trade, DOC
- John Davis, photographer, DOC

All of the above, except Mr. Horowitz, will be arriving in Beijing on May 5 on Secretary Kreps' plane. In addition the following five support staff will be arriving in Beijing several days ahead of the Secretary.

- Edward Jesser, Special Assistant for Field Activities, Office of Communications, DOC
- Theodore Schell, Special Assistant to the Assistant Secretary for Science and Technology
- August Maffry, Jr., Confidential Assistant to the Deputy Assistant Secretary for East-West Trade, DOC
- Don Fowler, Special Assistant to the Administrator, NOAA
- Thomas Holland, Information Handling Services

ARRIVAL IN BEIJING

May 5, 1979

LV.

Tokyo 3:35 p.m.

ARR. Beijing 7:05 p.m.

The Delegation will most likely be met by host, Minister of Foreign Trade Li Qiang and party as well as by Charge d'Affaires Stapleton Roy and Embassy staff. (Bio attached)

There will be no airport statements.

CULTURAL EVENTS IN BEIJING

May 6, 1979

Morning visit to the Great Wall about 45 miles northwest of Beijing. Depart Guest House at 8:30 a.m.

Lunch at the Summer Palace at 1:00 p.m. and return to Beijing.

May 8, 1979

At 2:40 p.m. either the Arts and Crafts Factory or the Jewel Factory will be visited.

May 7-10, 1979

Trips to the Forbidden City and to the Temple of Heaven (time permitting). These are located in the heart of Beijing.

ARRIVAL BANQUET

May 6, 1979

7:00 p.m.

Host - Minister Li Qiang

Guest List

Toast

TOAST

ARRIVAL BANQUET

Minister Li Qiang and Mrs. Li

American and Chinese Friends

We greatly appreciate your warm welcome.

We are here to help build a firm foundation for closer economic and commercial relations between our two countries and between our two peoples.

On January 1, of this year both countries recognized the other and we established diplomatic relations.

Later in January, Vice Premier Deng came to Washington to meet with President Carter. The results of that meeting now form the basis for our further work here today.

On March 1, Secretary Blumenthal came to Beijing to open the American Embassy and Minister Tang Ke opened the Chinese Embassy in Washington at the same time. I was very pleased to meet with Minister Tang in Washington and discuss matters of mutual concern.

During Secretary Blumenthal's visit, we made a notable start on normalizing our economic and commercial relations. Many issues were discussed and a Joint Economic Committee was established.

Now I am here to carry on the task with Minister Li and others among your leaders. It is a great privilege for me to be here as President Carter's representative to carry out this work so important to our two countries.

The job will not be easy. Our peoples have been separated too long and we need to rebuild our historic friendship. Trade based on equality and mutual benefit is not only profitable in the economic sense, but a major form of reconstructing strong friendly ties between our two great peoples.

To achieve this understanding, I am here to carry forward Secretary Blumenthal's work and to reach a final resolution in the matter of claims and assets. I am here to work with you to bring a trade agreement to fruition. This, I regard, as the single most important task before us. I also hope to advance our shipping and air traffic relationships and to add to the scientific and technical agreements started last year by the President's scientific adviser, Dr. Press and by Vice Premier Fang Yi.

All of these agreements are essential if we are to have a full flowering of trade. The resulting trade based on equality and mutual benefit will make a vital contribution to peace and harmony in our overall relationship. I believe firm and friendly relations between the United States and China will be a major factor for peace in the

world today. Trade and ~~com~~mmerce will flourish in a world of peace and stability and bring great benefits to our two peoples.

Once again, the American delegation expresses its appreciation for your fine hospitality.

Now I propose a toast:

To the health of Chairman Hua;

To the health of Minister and Mrs. Li;

To the health of all our friends here tonight; and

To the strengthening of friendship between the Chinese and American peoples.

Gan Bei!!

MEETING WITH
MINISTER OF FOREIGN TRADE LI QIANG

May 7

9:30 a.m.

Addressed/Pronounced: Minister Li (LEE) (LEE CHIAHNG)

SCENARIO

This is the first of several meetings you will have with Minister Li. The first meeting as a rule is a fairly formal encounter, in which first he, then you, present the views of your respective governments on key economic/ commercial issues. This first meeting resembles in some way the opening statement exchanges that you have at the opening plenary sessions of joint commissions. We would expect to provide you with a talking paper for this first meeting. The following meetings would have more give-and-take.

PARTICIPANTS

United States

Richard Cooper
Frank Weil
Stapleton Roy
(Charge d'Affaires,
U.S. Embassy)
Homer Moyer
Kempton Jenkins
Ed Schuh
Erland Heginbotham
Mike Oksenberg
William Clarke

China

Minister Li
A Vice Minister
Department Directors
Wang Yaoting, Chairman
China Council for the
Promotion of
International
Trade
(These and others as
selected by the Chinese)

LIST OF SUBJECTS TO BE DISCUSSED

- Overview of Sino-American Economic/Commercial Relations
- Trade Agreement
- Government Commercial Offices
- Trade Exhibitions and Trade Promotion
- Business Facilitation
- Opportunities for U.S. Participation in Chinese Industrial Projects
- Financing of Sino-American Trade
 - Eximbank Credits
 - CCC Credits
 - China's Participation in International Financial Institutions
- Export Controls
- Textile Agreement/Negotiations
- Claims/Assets Settlement
- GSP Treatment for China
- China and the GATT
- Role of Foreign Trade in China's Modernization Plans and China's Trade with Western Europe and Japan

LI Qiang
(Phonetic: lee)
(2621/1730)

CHINA

Minister of Foreign Trade
(since October 1973)

Addressed as:
Mr. Minister



Prior to his current appointment, Li Qiang served for 20 years as a vice minister specializing in trade with socialist countries. Frequently a spokesman for the government on changes in foreign trade policy, Li has publicly stressed China's need to attain most-favored-nation status and to increase its exports to the United States.

In a March 1978 interview in *China's Foreign Trade* magazine, Li discussed the increased role of foreign trade in modernizing the Chinese economy. He stated that China would continue to import advanced technology from the West and would employ varied methods of financing such imports. Since 1973 Li has met with numerous delegations of visiting American officials and businessmen. He led the Chinese delegation to the Seventh Special Session of the UN General Assembly in August 1975.

Li received training in telecommunications in the USSR, and during 1949-52 he held government positions in that specialty. After being named a vice minister in 1952, he was posted to Moscow for three years as Economic Counselor. Li has traveled extensively to promote China's foreign commerce. During a two-week tour of Western Europe during March-April 1978, he signed a trade agreement with the European Economic Commission. The 73-year-old Li is married. He speaks a few words of English.

CR M 79-11971
12 April 1979

MEETING WITH
MINISTER OF COMMUNICATIONS ZENG SHENG

May 7

2:30 p.m.

Addressed/Pronounced: Minister Zeng (DZUNG)

SCENARIO

The purpose of this meeting is to advance discussions on a maritime agreement. If held before working level discussions, your meeting with Minister Zeng would cover the principles and set the framework for agreement negotiations. If afterwards, you would confirm the understandings reached.

PARTICIPANTS

United States

Richard Cooper
Frank Weil
Samuel Nemirow
Homer Moyer
Kempton Jenkins
Erland Heginbotham
William Clarke
Reginald Bourdin

China

Minister Zeng
Vice Minister (s)
Li Ching, Director, Harbor
Supervisory Bureau

LIST OF SUBJECTS TO BE DISCUSSED

- Overview of Sino-American maritime relations
- Discussion of a U.S.-PRC Maritime Agreement

EMBASSY RESIDENCE RECEPTION

May 7, 1979

6:00 p.m.

Host - Charge d'Affaires Stapleton Roy

Guest List

Members of the following four American trade delegations in Beijing at the time:

- National Machine Tool Builders' Association
- American Society of Civil Engineers
- Washington State Council of International Trade
- The National Council's Construction Equipment
Delegation

It is possible that two other U.S. delegations will be in Beijing at the time. Individual American business people, where known, will also be invited to the reception.

BIOGRAPHY OF
J. STAPLETON ROY

Stapleton Roy was born in Nanjing, China of American missionary parents in 1935. He received his B.A. from Princeton University in 1956, where he majored in history, and also attended the University of Washington in Seattle from 1964-65 specializing in Mongolian studies.

Mr. Roy entered the U.S. Foreign Service in 1956. His diplomatic assignments have included: the State Department's Bureau of Intelligence and Research; Political Officer at the U.S. Embassy in Bangkok, Thailand (1959-61); Consular Officer at the American Consulate General in Hong Kong (1962); Political Officer in the American Embassy in Taipei (1962-64); Soviet Affairs Officer in the Bureau of European Affairs (1965-68); and Administrative Officer (1969-70) and Political Officer (1970-72) at the U.S. Embassy in Moscow, USSR.

Mr. Roy returned to Washington in 1972 to become Officer in Charge of Multilateral Political Relations and then Deputy Director of the Office of Soviet Union Affairs in the State Department. He attended the National War College from 1974-75 and served as Deputy Director of the Office of People's Republic of China and Mongolia Affairs until June 1978. Mr. Roy is currently the Deputy Chief of Mission at the U.S. Embassy in Beijing (Peking), People's Republic of China.

Mr. Roy is married. He speaks Mandarin Chinese, Russian, and Mongolian.

LUNCHEON MEETING WITH VICE PREMIER FANG YI

May 8

12:30 p.m.

Addressed/Pronounced: Mr. Vice Premier Fang (FAHNG)

Scenario

The purpose of this meeting is to discuss any outstanding problems prior to signing one or more of the implementing accords under the science and technology cooperation agreement.

Participants

U.S.

Jordan Baruch
Dick Frank
Ted Schell
Reginald Bourdin

Chinese

Fang Yi, Director of the
Central Meteorological
Bureau
Others depending on
accords to be signed

List of Subjects to be Discussed

Accords covering

- Metrology and Standards
- Science and Technology Management
- Meteorology
- Ocean Sciences

MEETING WITH CIVIL AVIATION
GENERAL ADMINISTRATION BUREAU DIRECTOR SHEN TU

May 8, 1979

4:30 p.m.

Addressed/Pronounced: Mr. Shen (SHUN)

Scenario

This meeting could provide a forum for airing of the divergent views of the two sides concerning air agreement possibilities.

Participants

United States

Richard Cooper
Frank Weil
Stapleton Roy (Charge
d'Affaires, U.S. Embassy
Homer Moyer
Kempton Jenkins
Richard Atwood
Mike Oksenberg
William Clarke

China

Director Shen
and others

MEETING WITH
MINISTER OF FOREIGN TRADE LI QIANG

MAY 9

9:00 a.m.

Addressed/Pronounced: Minister Li (LEE) (LEE CHIAHNG)

SCENARIO

This is to be your second meeting with Li. What will be discussed depends on progress at the initial meeting on May 7.

MEETING WITH VICE PREMIER YU QIULI
IN CHARGE OF THE STATE PLANNING COMMISSIONS

May 9, 1979

Afternoon

SCENARIO

The exact time and place of this meeting will be provided later.

The purpose of the meeting is to identify potential opportunities for U.S. firms and to press the Chinese to build on the contacts they have already made with American companies. It is possible that in the absence of the Minister of Finance, Vice Premier Li would be the one to sign a Claims and Assets Agreement.

PARTICIPANTS

United States

Richard Cooper
Frank Weil
Homer Moyer
Mike Oksenberg
Kempton Jenkins
William Clarke

China

Vice Premier Yu
(Other Vice Ministers and
Commission officials, as
selected by the Chinese)

LIST OF SUBJECTS TO BE DISCUSSED

- China's long range development plans.
- China's plans for improving industrial production, communication and transportation.
- China's plans for implementing the list of 120 major projects.

MEETING(S) WITH PREMIER HUA,
VICE PREMIER DENG, OR VICE PREMIER LI

We would expect this/these meeting(s) to be devoted to a discussion of overall Sino-American relations with emphasis on economic and commercial matters and on China's economic development. The probability is that these meetings will be on May 10 but that they will not be arranged until after arrival in China. It is also probable that the Secretary will meet with one or more of these top leaders, but not all three.

RETURN BANQUET

May 9, 1979

Host - Secretary Kreps

Guest List

Toast

TOAST
RETURN BANQUET

Minister Li and Mrs. Li

Assembled Chinese and American friends

Again I rise to give thanks and that of my delegation for your gracious hospitality during the past few days. In spite of our hard work, we have had a chance to see some of the great cultural and scenic wonders of China as well as to experience the warmth of the Chinese people. I shall always remember these days in Beijing.

Our talks were useful, important and constructive. We were able to conclude a trade agreement which both sides have now initialed. I believe this marks the single most important event in our task of normalizing our economic and commercial relations. The directives of our leaders have been carried out. The agreement was achieved with fairness and understanding on both sides and attests to the depth and solidity of Sino-American friendship.

In other meetings, I held discussions with Minister regarding our shipping relations and with Minister to go over the possibility of establishing direct air connections between the United States and China. As a result of these meetings, both sides now fully understand the differences that separate us from agreement on these two important issues. I am confident that further progress in the near future will enable us to see CAAC's new Boeing 747's flying to the United States before long with our airlines touching down in China.

In Maritime Affairs, we reached an understanding on a number of points and only the question of _____ kept us from a final agreement.

On the important matter of claims and assets, we were able to resolve the questions the Chinese side had and I am now confident we can set a time for a final signing of the agreement.

Your Ministers _____, _____, and _____ provided us with much detail about your Ten Year Plan and the current reassessment of its goals. Minister Zeng explained how you financed the Plan. All of this will be of great assistance to Americans interested in assisting in the development of your economy.

The accords signed with Vice Premier Fang continues to build the Sino-American Scientific relationship.

Vice Premier Deng during my meeting with him referred to our achievements this week Mr. Minister and said the results will be a marked strengthening of our relationship generally and of trade, particularly. I shall report our conversation to President Carter who I am sure will be pleased with these achievements.

All of talks underscore the importance of regular consultations between our two governments on matters of concern. I look for Mr. Strauss to continue the dialogue on normalizing our economic and commercial relations when he arrives in a few weeks.

I believe our efforts have brought us closer together for our mutual benefit. I wish to once again express my warm thanks for your hospitality Mr. Minister and to all the Chinese friends present.

In the spirit that has prevailed for the past several days, I would like all those present to join me in a toast:

To the health of Premier Hua;

To the health of Minister Li and his wife;

To the health of all friends here tonight; and

To the strengthening of Sino-American friendship.

SCIENTIFIC EVENTS

May 7-10

During this period it is probable that Dick Frank will have arranged for one or more scientific events for you to participate in. The most likely one will be the radiosonde balloon launch which would take place in Beijing.

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Scenario for Radiosonde Balloon Release

SUMMARY

Annex 2 to the implementing accord in atmospheric science and technology provides for establishment of a joint upper air sounding station in the People's Republic of China (PRC).. If approved by the PRC, this station will be the first joint US/PRC facility in China. Either immediately preceding or following signature of the annex, we will arrange a brief commemorative ceremony involving statements by Fang Yi, or another appropriate senior Chinese official, and Secretary Kreps, and the release of a radiosonde balloon.

DURATION OF THE CEREMONY

The ceremony should last no more than a half hour.

PARTICIPANTS

Secretary Kreps, Administrator Frank, Fang Yi or other appropriately senior Chinese official, and head of Central Meteorological Bureau. Media will be present.

CEREMONY

An inflated radiosonde balloon with Chinese and American flags attached will be ready at the site. Against that background, Fang Yi (or other Chinese official) and Secretary Kreps will give brief statements commemorating establishment of the joint upper air sounding station. Secretary Kreps and Fang Yi will then release the balloon.

STATEMENT

1. Meteorology is one of the oldest international sciences. It is appropriate, therefore, that one of the first implementing accords under the Agreement on Cooperation in Science and Technology should cover atmospheric science and technology.

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2. Establishment of this joint upper air sounding station is, we believe, an excellent way to begin this new cooperative relationship. It is the first of what we hope will be many joint efforts.
3. Through such projects, we will share technologies, ideas, and information. Both our countries will gain.
4. The station we commemorate today will provide atmospheric measurements at higher levels than before and will give us data which is critical for aircraft operations and forecasting of weather here in the People's Republic of China and, indeed, even in the United States.
5. With the release of this balloon, we begin what we hope will be--what should be--a long and mutually productive scientific relationship between the United States and China.

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PRESENTATION OF
INFORMATION HANDLING SERVICES' SYSTEM

Scenario

We will have taken with us on the plane one of Information Handling Services' information systems for presentation to the Chinese. In making the presentation, both you and Mr. Lee, President of the firm, will make short addresses.

Participants

United States

As many of the official party as feasible.

China

Officials of the China Council for the Promotion of International Trade

GIFT OF MICROFILMED CATALOG SYSTEM

The Colorado company, Information Handling Services, is providing a complete "Master Catalog Service" system as a gift for the People's Republic of China. Stored on revolving, vertical racks, 900 microfilm cartridges contain the catalogs of more than 15,000 American firms. The operator looks up either a company name or a product in master index books, selects the indicated cartridge from the rack, inserts it into the table-mounted 3-M reader/printer, and quickly scans through to the correct frame number. Information can be read directly from the illuminated screen or printed out as a paper copy.

The company will forward new and up-dated cartridges regularly to keep the system current.

SECRETARY KREPS' REMARKS FOR PRESENTATION
OF
MICROFILMED CATALOG SYSTEM

THE MUTUAL DESIRE OF THE PEOPLES REPUBLIC OF CHINA AND THE UNITED STATES OF AMERICA TO EXPAND TRADE RELATIONS WILL BE ENHANCED BY A CONTINUING AND USEFUL DIALOGUE BETWEEN OUR CITIZENS AND ACCURATE, TIMELY, AND APPROPRIATE INFORMATION EXCHANGE.

THIS VISIT IS AN EXAMPLE OF THE USEFUL DIALOGUE BETWEEN YOUR CITIZENS AND OURS. IT IS ALSO AN OPPORTUNITY TO PROVIDE THE PEOPLES REPUBLIC OF CHINA WITH A GIFT OF INFORMATION IN A VERY MODERN FORM. THE FABRIC OF OUR NATION AND THE AMERICAN WAY OF LIFE IS WOVEN WITH THE THREADS OF INFORMATION. THE CLOTH OF USABLE INFORMATION IS A RARE AND CHERISHED POSSESSION OF THE PEOPLE OF THE UNITED STATES OF AMERICA. WE WISH TO SHARE THIS WITH YOU. THIS GIFT IS AN INFORMATION SERVICE DEVELOPED BY A COMPANY IN DENVER, COLORADO -

--INFORMATION HANDLING SERVICES. IT CONTAIN'S DETAILS OF MUCH OF THE INDUSTRIAL OUTPUT OF THE UNITED STATES, FACTS ON OVER TEN MILLION PRODUCTS OF OUR ADVANCED TECHNOLOGY--FROM THE SMALLEST INTEGRATED CIRCUIT THROUGH THE MOST COMPLEX MACHINERY FOR OIL REFINERY CONSTRUCTION.

YOU CAN USE THE SYSTEM TO IDENTIFY THOSE PRODUCTS OF THE UNITED STATES WHICH MAY ASSIST YOU TO ACHIEVE YOUR GROWTH OBJECTIVES AT THE DAWN OF THE TWENTY-FIRST CENTURY.

AT MY REQUEST, EDWARD M. LEE, PRESIDENT OF INFORMATION HANDLING SERVICES, HAS ACCOMPANIED ME ON THIS VISIT. MR. LEE WILL PROVIDE YOU WITH ADDITIONAL INSIGHT ON THE INFORMATION SERVICE WHICH WE HAVE GREAT PLEASURE IN PRESENTING TO YOU TODAY.

MR. EDWARD M. LEE.

SIGNING CEREMONIES

Scientific Events

Dates Unknown

It is expected that implementing accords or protocols will be signed during the visit to China.

--Metrology

--Exchange of technical information and science
technology management

--Oceanography and fisheries

--Meteorology

SIGNING CEREMONIES

Economic and Commercial Events

Dates Unknown

It is possible that one or more of the following agreements will be signed:

- Claims and Assets
- Maritime
- Trade Exhibitions

It is also possible that a Trade Agreement will be initiated.

PRESS CONFERENCE - BEIJING

May 10, 1979

Press statement summing up results of the discussions in Beijing will be handed out. Questions will be entertained.

Attachments:

- Telegram on Blumenthal press conference
- Questions and Answers

VISIT TO SHANGHAI

May 11-12, 1979

May 11

- 8:00 a.m. - Departure from Guest House
 - 9:00 a.m. - Departure from Beijing
 - 10:30 a.m. - Arrival in Shanghai
 - 11:00 a.m. - Arts and Craft Research Institute
 - 12:30 p.m. - Lunch
 - 2:00 p.m. - Visit to Machine Tool Factory
- Harbor Tour follows Machine Tool Factory Visit
- 7:00 p.m. - Banquet given by the Municipal
Revolutionary Committee of Shanghai

May 12

- 8:30 a.m. - Visit to the Maqiao People's Commune
- 12:00 noon - Lunch
- 2:00 p.m. - Depart for Guilin

VISIT TO GUILIN

May 12-13, 1979

May 12

- 2:00 p.m. - Depart Shanghai
- 4:00 p.m. - Arrive Guilin
- 5:00 p.m. - Visit Ludiyeu Cave
- 7:00 p.m. - Dinner given by Municipal
Revolutionary Committee

May 13

- 8:30 a.m. - Boat ride on Li River
- 5:00 p.m. - Depart for Guangzhou

GUANGZHOU VISIT

May 13-15

May 13

- 5:40 p.m. - Arrive Guangzhou
- 7:00 p.m. - Reception by Guangzhou Provincial
Revolutionary Committee

May 14

- 9:00 a.m. - Visit Guangzhou Export Commodities Fair
- 12:00 noon - Reception for U.S. business people and
Chinese Fair officials
- Evening - Chinese theatrical performance

May 15

- 8:00 a.m. - Leave Guangzhou

HONG KONG VISIT

May 15-16

Departure from Guangzhou 8:00 A.M.

Arrival in Hong Kong 8:45 A.M.

There will be no arrival ceremony. Plane will be met by Consulate General Staff. Secretary and several designated individuals will be able to occupy rooms at Hotel Furama immediately.

PRESS CONFERENCE - HONG KONG

May 15, 1979

10:30 - 11:00 a.m.

Furama Hotel

SCENARIO

The press conference is not expected to last more than 30 minutes. A press statement summing up results of the discussions in the PRC will be handed out. Questions will be entertained. Between 40 and 50 journalists are expected to attend, including representatives of major wire services (AP, UPI, Reuters); U.S. newspapers such as the LA Times, NY Times, Washington Post, Baltimore Sun, and Christian Science Monitor; magazines (Time, Newsweek, Far East Economic Review), and U.S. television networks; in addition to local correspondents.

PARTICIPANTS

Richard Cooper
Frank A. Weil
Ernest Lotito
Jordan Baruch
Nat Belocchi
Michael Oksenberg

Attachment

--Questions and answers

INDUSTRY AND TRADE ADMINISTRATION

U.S.-Hong Kong Trade - U.S. Export Promotion

- Q. Does the United States plan any increase in its export promotion effort in Hong Kong?
- A. Yes. Because of Hong Kong's growing domestic consumer demand, its need for raw materials for its export industries, and its increasing importance as an entrepot, the U.S. Department of Commerce is increasing the number of promotional events in Hong Kong. We are also carrying out selective market studies to pinpoint new targets of opportunity for promotion by U.S. industry. This high level of export promotion activity will, of course, require the cooperation of the Hong Kong Government, which we are confident will be supportive.

INDUSTRY AND TRADE ADMINISTRATION

U.S.-Hong Kong Trade - Non-rubber Footwear

- Q. What steps has the U.S. taken to reduce the surge of non-rubber footwear exports to the U.S. following the conclusion of orderly marketing agreements (OMAs) with Taiwan and Korea?
- A. The U.S. and Hong Kong Governments agreed to administrative actions whereby the U.S. denies entry to non-rubber footwear that does not have a valid Hong Kong Government certificate of origin, which is issued only if all components are both made and assembled in Hong Kong. At the initiation of this administrative agreement the two governments agreed that if the system did not reduce U.S. imports of non-rubber footwear from Hong Kong to an 8-15 million pairs a year level, an alternative solution would have to be found. Shipments last year surged to 28.2 million pairs.

Unless Hong Kong now takes steps immediately to decrease such shipments to the U.S., we will have to find alternative solutions. We are communicating with the Hong Kong Government concerning the problem.

The U.S. will not permit non-rubber footwear shipments from any other third country to circumvent the United States OMA's with Taiwan and Korea.

-2-

If pressed:

The U.S. has also communicated with the Italian Government concerning the surge in U.S. imports of non-rubber footwear from Italy.

INDUSTRY AND TRADE
ADMINISTRATION

U.S.-Hong Kong Trade - Strains in Relations

Q. There have been some strains in trade relations between the United States and Hong Kong in recent years, despite the growth in our two-way trade. Why is this?

A. The general benefits of increased bilateral trade have been accompanied by sometimes rapid and concentrated market penetration in specific sectors of U.S. industry. This is the main concern posed by U.S. imports from Hong Kong and from several other export-oriented advanced developing countries.

For its part, Hong Kong has expressed concern about developed-country barriers to its exports.

The United States is hopeful that, as bilateral trade expands between our two countries, the strains caused by the impact on particular U.S. industries can be minimized.

INDUSTRY AND TRADE
ADMINISTRATION

U.S.-Hong Kong Trade - Safeguards

Q. Why does the U.S. support the concept of selectivity in the Safeguards code that is being negotiated in the MTN?

A. The U.S. believes that selective safeguard actions could prove feasible in a limited number of cases and under certain circumstances provided that the appropriate international discipline is exercised. The U.S. is opposed to indiscriminate use of selective safeguard actions.

If pressed:

The U.S. did not introduce the concept of selectivity into the negotiations and has participated in discussions of selectivity in an effort to reach a consensus with other countries in the MTN. We believe that it would be preferable to have a code with selectivity under certain conditions, including provisions for appropriate discipline, rather than to have no Safeguards code at all.

INDUSTRY AND TRADE
ADMINISTRATION

U.S.-Hong Kong Trade - "Graduation"

Q. Will you comment on the United States' views concerning the "graduation" concept as it applies to advanced developing countries such as Hong Kong?

A. A major premise of U.S. trade policy is that developing countries ought to assume greater obligations and responsibilities in the international trading system as their industrial sectors become internationally competitive. This represents the important aspects of the graduation concept. Hong Kong has not accepted the concept.

The United States believes that advanced developing countries, by undertaking international responsibilities that are consonant with their economic development and industrial competitiveness, would make an important contribution to our mutual efforts to deal with the problem of protectionist pressures in the United States and other developed country markets.

INDUSTRY AND TRADE
ADMINISTRATION

U.S. Interests in Southeast Asia

Q. Would you please comment on U.S. commercial interests in Southeast Asia*, in the light of renewed conflict in Indochina?

A. U.S. trade and investment interests in Southeast Asia are substantial. In 1978, total two-way trade between the U.S. and the countries of Southeast Asia totaled \$12.5 billion, an increase of 14% over 1977. A substantial portion of this trade represents U.S. imports of such vital raw materials as petroleum, rubber, sugar and tin. U.S. investment in these countries currently totals over \$3.5 billion (1977 book value).

U.S. businessmen in the region have actively promoted an expanded U.S. business presence here. The APCAC group, including the Hong Kong American Chamber, is currently surveying the factors which determine the U.S. competitive position in the region. At the same time, the U.S. Section of the ASEAN-U.S. Business Council, under the auspices of the U.S. Chamber, was recently inaugurated for the purpose of expanding U.S.-ASEAN business cooperation. The Departments of Commerce and State actively support both these efforts.

*ASEAN countries: Indonesia, Malaysia, Philippines, Singapore and Thailand.

INDUSTRY AND TRADE
ADMINISTRATION

Subsidies

Q. Why does the U.S. oppose the use of subsidies by developing countries to encourage export industries?

A. The U.S. does not oppose all such subsidies but it believes they should be subject to the discipline of an international code in order to reduce the trade distortions associated with them.

If pressed:

Subsidies can be not only trade distorting; they can also result in misallocation of resources and can lead to competitive subsidization that benefits no one. It is our view that as LDCs reach an advanced stage of economic development, they should move to phase out subsidies.

INDUSTRY AND TRADE ADMINISTRATION

U.S.-Hong Kong Trade - Policy on Import-Sensitive Items

Q. How does the United States plan to deal with Hong Kong's consumer exports which may disrupt the U.S. domestic market?

A. In dealing with the problems posed by Hong Kong exports which impact on U.S. domestic industries, the U.S. Administration will endeavor to keep any restraint on sensitive items from Hong Kong to the minimum considered necessary to avoid domestic market disruption.

INDUSTRY AND TRADE
ADMINISTRATION

U.S.-Hong Kong Trade - Textiles

Q. How would the United States apply to Hong Kong the White Paper agreement to tighten import restrictions on textiles?

A. We have had discussions with the Hong Kong Government on this matter, but these discussions have not yet been formally concluded.

HONG KONG-AMERICAN CHAMBER OF
COMMERCE LUNCHEON

May 15

Furama Hotel

Lunch 12:30 - 1:30 p.m.

Speech 1:30 - 1:50 p.m.

SCENARIO

The program for this afternoon calls for a 20-minute speech immediately following the lunch. Amcham members will not be invited to ask questions.

Key invitees will include high-level Hong Kong Government Representatives (such as Financial Secretary Haddon-Cave or Sir Yk KAN, senior unofficial member of the Executive Council); the heads of six leading trade organizations and associations (e.g., the Hong Kong Chamber of Commerce); and the heads of PRC entities in Hong Kong (Bank of China and China Resources Company). A complete list of the 250-300 expected attendees will be available on arrival.

Attachment:

- Guest list (to be provided)
- Speech (to be provided)
- Information about the American Chamber of Commerce in Hong Kong

HONG KONG PORTION OF SECRETARY KREPS' SPEECH
BEFORE THE AMERICAN CHAMBER OF COMMERCE IN HONG KONG

I am pleased to have the opportunity to meet with you today in this dynamic and fascinating city. It is my privilege to be the first Secretary of Commerce to visit here in several years and the first, of course, in many more years to visit the mainland of China.

Although the importance of Hong Kong to regional trade and investment interests is well understood by this group, all of you may not be aware that Hong Kong now ranks as our fourth largest trading partner in the Far East. In 1978, total U.S.-Hong Kong trade rose to over \$5 billion, an increase of nearly 22% over the previous year. The U.S. again ran a deficit, amounting to \$1.8 billion.

What are we doing about this growing deficit? The U.S. Government is not concentrating on balancing trade bilaterally, but is looking toward increased U.S. exports to both Hong Kong and the rest of the Asian area. Hong Kong is ideally situated to be a hub of trade with Asia, as AmCham members, representing U.S. trade and investment interests in the area, appreciate.

In Hong Kong itself, expanding consumer demand, supported by the second highest LDC income in Asia, offers growing opportunities for U.S. exports. Hong Kong's importance as an entrepot provides additional prospects for sales.

In the area of trade promotion, the Department of Commerce is increasing the number of promotional events in Hong Kong and carrying out selective world market studies to pinpoint new targets of opportunity for promotion by U.S. industry. The Consulate General is encouraging the participation of local trade associations and chambers of commerce in our trade promotion and marketing efforts. It will be in touch with you to obtain your participation and support.

From the Hong Kong side, plans are under way to increase the number of visitors going from Hong Kong to trade fairs and industries in the United States under the U.S. Foreign Buyer Program. Plans are also being made to activate a "Visit USA" committee to promote tours by business and professional groups.

The Departments of State and Commerce are currently working with the Asia-Pacific Council of American Chambers (APCAC) on an analysis of factors affecting the U.S. competitive

position in Asia. We have obtained some valuable insights and some important comments on the impact of U.S. policy. The contribution of the American Chamber in Hong Kong has been especially helpful, and we thank you for these unstinted efforts.

It is a source of satisfaction that U.S. trade with Hong Kong can flourish on the basis of a relationship in which the benefits of liberal trading policies are recognized. In this trading relationship Hong Kong is almost a free port, while the open nature of the U.S. market has also been demonstrated in the mounting volume of imports from Hong Kong which have entered the United States as Hong Kong's economy has expanded.

In those cases where problems have arisen in the United States with respect to the impact of imports from Hong Kong on domestic industry, the objective of the U.S. administration is to keep any necessary restraint on imports of sensitive items from Hong Kong to the minimum considered necessary to avoid disruption of the domestic market. The U.S. Government keeps in mind the importance of the United States to Hong Kong as the No. 1 market for Hong Kong goods.

In 1978, Hong Kong was third-ranking beneficiary of the U.S. Generalized System of Preferences (GSP). Hong Kong products valued at \$537.5 million entered the U.S. free of duty under this system, which is an indication that Hong Kong has been able to take major advantage of GSP trade benefits which the United States offers to developing countries.

On the investment side - the United States is the No. 1 foreign investor in Hong Kong, with assets valued at close to US\$1.5 billion. Hong Kong also has the largest concentration of U.S. firms with operations throughout East Asia. Many of you here today represent these firms, and all of you know the increasing importance of U.S. business interests in the area.

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AMERICAN CHAMBER OF COMMERCE IN HONG KONG

The American Chamber of Commerce in Hong Kong was established by American businessmen on March 27, 1969. It celebrates its tenth anniversary this year. Membership includes approximately 378 majority U.S.-owned firms as well as 190 associate company members interested in trade or business relations between the U.S. and Hong Kong.

The current President of the Chamber is Robert E. Adams of Chase Manhattan Bank, Hong Kong. U.S. Consul General Thomas P. Shoemith and Deputy Principal Officer (Acting Consul General) Natale Bellocchi are honorary members.

The American Chamber in Hong Kong is a very active one. It has long been a proponent of increased trade with the People's Republic of China and Vietnam. The AmCham is also cooperating with the Departments of State and Commerce in a current survey of the factors influencing the U.S. competitive position in East Asia. Because of the regional perspective which it provides, the Hong Kong submission has been particularly valuable.

Notwithstanding a move on the part of the regional AmCham to back off from their previous strong support for an early resumption of trade with Vietnam, the Hong Kong AmCham is proceeding with its plans to have a Petroleum Delegation visit Hanoi in late May. Before making a final decision on the visit, the AmCham has requested the views of the Department of State, which advises that:

1. In the light of developments in Indochina no movement toward normalization and the consequent lifting of the trade embargo is anticipated at this time. In any contacts with SRV trade officials, businessmen should continue to take care that such contacts do not violate the embargo's restrictions on trade and financial transactions.
2. Tensions in the region could pose some danger to travelers. The USG is unable to extend normal consular protective services to Americans visiting Vietnam.

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ARRIVAL IN TOKYO

Depart Hong Kong 8:00 a.m.

Arrive Tokyo 12:30 p.m.

Delegation will be met by Jack Button, Minister Counselor for Economic/Commercial Affairs. (You met Button on your visits to Tokyo in September 1977 and October 1978.) (Bio attached)

The Delegation will be driven to the Okura Hotel. The Embassy has asked whether you wish to schedule a press conference on your arrival.